

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF B & H GAS COMPANY,)	
INC. FOR RATE ADJUSTMENT PURSUANT)	CASE NO.
TO THE ALTERNATIVE RATE FILING PROCEDURE)	91-127
FOR SMALL UTILITIES)	

O R D E R

On August 16, 1991, B & H Gas Company, Inc. ("B & H") filed its application for Commission approval of a proposed increase in its rates for gas service. The proposed rates for gas service would generate additional annual revenues of \$10,210, an increase of 9 percent above test-year revenues.

In September 1991, Commission Staff conducted a field review of B & H's test-period financial records. Based upon this review, Commission Staff issued its report on December 11, 1991, recommending an increase of \$13,100 in annual revenues.

By letter dated December 13, 1991, B & H was advised to file comments on the Staff Report or request a hearing no later than December 28, 1991 or the case would stand submitted to the Commission for decision.

By letter dated December 23, 1991, B & H accepted the findings contained in the Staff Report.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for B & H and will produce gross annual revenues of \$140,868. These rates will allow B & H sufficient revenues to meet its operating expenses, and provide for future equity growth, including provisions for servicing its debt.

IT IS THEREFORE ORDERED that:

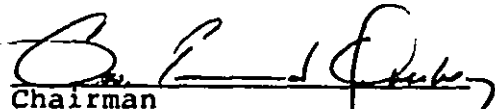
1. The rates proposed by B & H are denied.

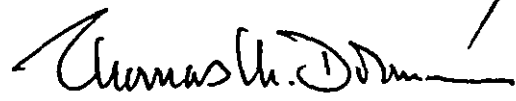
2. The rates recommended in the Staff Report and contained in Appendix A are approved for service rendered by B & H on and after the date of this Order.

3. Within 30 days of the date of this Order, B & H shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 13th day of January, 1992.

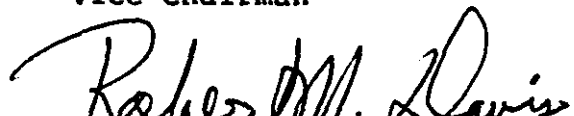
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 91-127 DATED 01/13/92

The following rates and charges are prescribed for the customers in the area served by B & H Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 2 Mcf	\$ 4.7938	\$ 8.4412	\$13.2350
Next 8 Mcf	1.9788	4.2206	6.1994 per Mcf
Next 20 Mcf	1.5611	4.2206	5.7817 per Mcf
Over 30 Mcf	1.3103	4.2206	5.5309 per Mcf

A surcharge in the amount of 3 cents per Mcf shall be added to the above rates until the obligation owed Kentucky West Virginia Gas Company has been discharged or is recalculated.